

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2625

ANSWERED ON:31.08.2007

FRAUD BY CHIT FUND COMPANIES

Rana Shri Kashi Ram; Vasava Shri Mansukhbhai D.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to protect the small investors from fraud by Chit Fund Companies;
- (b) if so, the details thereof;
- (c) the names of Chit Fund Companies against whom complaints have been registered during the last two years; and
- (d) the action taken/being taken by the Government to safeguard the interest of small investors and the outcome of the action taken so far?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a), (b) & (d) : Chit Fund Companies have been exempted from the core provisions of Reserve Bank of India (RBI) Act 1934, including registration with Reserve Bank of India (RBI). The State Governments regulate the chit business of these companies as per the provisions of the Chit Fund Act, 1949. On receipt of complaints, Registrars of Chits of respective State Governments initiate appropriate regulatory action against such erring companies.

(c) : As the Chit Fund Companies are regulated by the respective State Governments, the Government of India and RBI have not registered any complaint against Chit Fund Companies